

# IOWA COLLEGE STUDENT AID COMMISSION

February 2013

## Executive Summary

The Iowa College Student Aid Commission (the Commission), founded in 1963 by the Iowa General Assembly, is a state agency with a long-standing commitment to helping Iowans achieve education beyond high school through:

- Administration of state scholarships, grants, work study and loan forgiveness programs.
- Management of postsecondary registration in Iowa.
- Research and distribution of higher education data.
- Development of programs and services to improve college and career readiness and financial literacy, with the goal of increasing educational attainment in Iowa.
- Promotion of college-related information and outreach services to help Iowa students and families plan, prepare and pay for college.

This report provides an overview of Iowa's educational attainment and the Commission's role in helping to increase the percent of the population with the degrees needed to meet future workforce needs. By 2018, 62 percent of all jobs in Iowa will require postsecondary education.<sup>1</sup> However, less than 35 percent of Iowa's adult population has an associate's degree or higher.<sup>2</sup> The Lumina Foundation Goal, which aims to increase the percent of adults with college degrees to 60 percent by 2025, projects Iowa to miss that goal by 10.5 percent without supporting and advancing programs to increase attainment.

For years, the Commission has been able to utilize revenues earned through its role as the state-designated guarantor of the Federal Family Education Loan Program (FFELP) to fund college access and readiness programs as well as to administer state-appropriated grant and scholarship programs. The Commission's revenue streams were greatly impacted with the passage of the Health Care and Education Reconciliation Act of 2010 which eliminated the authority to originate new loans through FFELP and mandated all new student loans be administered by the federal government.

In 2012, due in part to its decreasing federal student loan portfolio, the Commission voted to transfer its remaining loans held under FFELP to the Great Lakes Higher Education Guaranty Corporation (Great Lakes). The selection of Great Lakes, one of the nation's leading guarantors and servicers of student

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<sup>1</sup> Georgetown University Center on Education and the Workforce (June, 2010). *Projections of Jobs and Education Requirements through 2018*.

<sup>2</sup> U.S. Census Bureau, 2007-2011 American Community Survey 5-Year Estimates, Population 25 Years and Over.

loans for Federal Direct Loan Program (which replaced FFELP), was done with the approval of the U.S. Department of Education and state officials.

### **Current Issues Impacting Educational Attainment in Iowa**

*Funding Postsecondary Education* – Support of public postsecondary education by the Iowa General Fund has decreased 26 percent over the past 10 years. Increases in median household income have not kept pace with rising college costs. Today, college costs consume a larger percentage of household income than they did just 10 years ago. To ensure Iowa's workforce meets future employer demand for talent, Iowa must renew its commitment to increasing access to postsecondary educational opportunities. See page 8 for more in-depth numbers and recommendations.

*Increasing Need-based Financial Aid* – The number of financial aid applicants with the maximum level of need has nearly tripled since 2001. However, state programs, including the Iowa Tuition Grant Program and the Iowa Vocational-Technical Tuition Grant Program cover a smaller percentage of costs than they did five years ago. In FY 2011, Iowa ranked 15th for state grant aid as a percentage of state fiscal support, however the state ranked 35th for investment in need-based aid to undergraduate students—\$224.16 per student. See recommendations of how to improve state support for need-based financial aid on page 11.

*More Adults Filing for Financial Aid* – Iowa has seen a significant increase in the number of FAFSAs filed by adult applicants age 25 and older. The median age in Iowa has increased, the number of high school students in the state has stagnated, and projections indicate Iowa's population under the age of 24 will continue to decline through 2030. To increase educational attainment in the state, Iowa's adult population will need better access to postsecondary education opportunities. Adult students often have additional obstacles to overcome when pursuing postsecondary education and the Commission has not targeted this group to meet their unique needs.

*Keeping Student Loan Debt Manageable* – Nearly 75 percent of Iowa students attending independent colleges and universities, and 55 percent of students attending public colleges and universities, use education loans to meet college costs. Iowa students from the graduating class of 2011 accumulated an average of \$28,753 in student debt—the sixth highest of all the states. It's time to work toward keeping education affordable by working with colleges and universities to keep tuition costs reasonable, educating students and families to make wise choices about paying for college, and encouraging Iowa businesses to include student loan repayment assistance in benefits packages for Iowa workers. More recommendations can be found on page 14.

*Administering Iowa's Need-based Student Financial Aid Programs* – The FY 2013 state appropriation for financial aid administration (\$232,943) will cover only about 14 percent of the costs of the Commission to administer state-funded

programs. In FY 2014, an additional administrative appropriation of \$1,483,353 would be needed to fully fund the administration of programs identified in Iowa Code Chapters 261 and 261B.

In addition to administering need-based financial aid programs, the Commission manages the registration of postsecondary institutions in the state, provides lowans with free access to [I Have A Plan Iowa](#)<sup>®</sup> - a comprehensive web-based college and career planning tool that includes the state-designated career information system, partners with local financial institutions to provide Iowa high schools with free access to the Iowa Financial Literacy Program, and administers the federal statewide GEAR UP grant. The Commission will continue to use its operating fund, as allowed by the federal regulations set by the U.S. Department of Education, to finance administration of the state aid and other important services instrumental in increasing Iowa's postsecondary educational attainment. See detailed information about the Commission's program costs and appropriations on pages 16 through 18.

The following pages provide detailed evidence for continued, and growing, support of the Iowa College Student Aid Commission, as well as recommendations for addressing each of the topics discussed above.

# ICSAC-FY2014 OPERATING BUDGET SUMMARY OF EACH PROGRAM

	STATE APPROPRIATED PROGRAMS	STATE MANDATED/UNFUNDED PROGRAMS RELATED TO CHAPTER 261 OF IOWA CODE- POSTSECONDARY EDUCATION, BRANSTAD STATE FAIR GRANT	STATE MANDATED/UNFUNDED PROGRAMS RELATED TO CHAPTER 279.61 OF IOWA CODE - IHAPI	FEDERAL GRANT/PROGRAMS	FFELP/PLP COLLECTIONS, GREAT LAKES & SERIP	TOTALS
FY2013 Number of Programs	13	9	1	6	3	32
FY2013 Appropriation/Grant Total	64,591,992	750	0	3,357,408	0	67,950,150
FY2012 Appropriation/Grant Total	57,372,169	750	0	3,423,389	0	60,796,308
FY2012 Number of Students Applicants	224,866	82	91,853	7,563	0	324,364
FY2012 Number of Students Recipients	25,292	19	91,853	7,411	0	124,575
FY2014 FTE	10	4	10	12	0	37
<b>Shared Positions</b>						
Administration (FTE 4)	157,946	77,929	67,791	93,933	0	397,599
Marketing (FTE 4)	32,054	13,623	176,295	86,545	12,020	320,536
Accounting (FTE 4)	139,270	36,076	26,008	117,457	16,780	335,590
IT & Research (FTE 6)	325,621	56,855	121,979	109,574	6,202	620,230
SERIP Retirement Payments	0	0	0	0	66,445	66,445
<b>TOTAL Shared/Indirect Positions</b>	<b>654,890</b>	<b>184,483</b>	<b>392,072</b>	<b>407,508</b>	<b>101,447</b>	<b>1,740,400</b>
<b>Assigned Positions</b>						
Program Administration (FTE 5)	277,522	39,411	0	93,192	411	410,536
I Have A Plan Iowa (FTE 6)	0	0	465,704	0	0	465,704
GEAR UP (FTE 6)	0	0	0	399,332	0	399,332
Postsecondary Education (FTE 2)	0	181,339	0	0	0	181,339
<b>TOTAL Assigned Positions</b>	<b>277,522</b>	<b>220,750</b>	<b>465,704</b>	<b>492,524</b>	<b>411</b>	<b>1,456,911</b>
<b>Outside Agency Services</b>						
Legal - Attorney General Services	3,879	1,682	3,953	4,428	158	14,100
ITE Reimbursements	44,618	19,348	45,464	50,934	1,819	162,182
Intra State Transfers	0	0	0	125,000	0	125,000
<b>TOTAL Outside Agency Services</b>	<b>48,497</b>	<b>21,030</b>	<b>49,416</b>	<b>180,362</b>	<b>1,977</b>	<b>301,282</b>
<b>Assigned Expenses</b>						
Licenses	0	0	960,000	0	0	960,000
Travel	0	0	73,611	103,567	0	177,178
GEAR UP Reimbursements	0	0	0	800,000	0	800,000
GEAR UP Scholarship Trust	0	0	0	3,080,000	0	3,080,000
Collections	0	0	0	0	137,500	137,500
<b>TOTAL Assigned Expenses</b>	<b>0</b>	<b>0</b>	<b>1,033,611</b>	<b>3,983,567</b>	<b>137,500</b>	<b>5,154,678</b>
<b>Shared Office Expense</b>						
Support-Rent, Supplies, Communication	93,142	40,390	94,908	106,328	3,797	338,565
Printing	60,607	26,281	61,755	69,186	2,471	220,300
IT Services	61,872	26,830	63,045	70,631	2,522	224,900
<b>TOTAL Shared/Indirect Office Expense</b>	<b>215,621</b>	<b>93,502</b>	<b>219,708</b>	<b>246,145</b>	<b>8,791</b>	<b>783,766</b>
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>1,196,530</b>	<b>519,765</b>	<b>2,160,512</b>	<b>5,310,105</b>	<b>250,125</b>	<b>9,437,037</b>
<b>REVENUE BY PROGRAM</b>	<b>232,943</b>	<b>0</b>	<b>0</b>	<b>3,335,238</b>	<b>6,484,333</b>	<b>10,052,514</b>
<b>INDIRECT Cost Reimbursed-6% of grant</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>109,077</b>		<b>109,077</b>
<b>NET GAIN (LOSS)</b>	<b>(963,588)</b>	<b>(519,765)</b>	<b>(2,160,512)</b>	<b>(1,865,790)</b>	<b>6,234,208</b>	<b>724,553</b>
<b>Overall % of Total Expense</b>	<b>12.68%</b>	<b>5.51%</b>	<b>22.89%</b>	<b>56.27%</b>	<b>2.65%</b>	<b>100.00%</b>

# ICSAC-FY2014 OPERATING BUDGET LIST OUT BY EACH PROGRAM

	ALL IOWA OPPORTUNITY FOSTER CARE GRANT PROGRAM	ALL IOWA OPPORTUNITY SCHOLARSHIP PROGRAM	BARBER & COSMETOLOGY ARTS & SCIENCES TUITION GRANT PROGRAM	IOWA GRANT PROGRAM	IOWA NATIONAL GUARD EDUCATIONAL ASSISTANCE PROGRAM	IOWA TUITION GRANT PROGRAM- FOR PROFIT INSTITUTIONS	IOWA TUITION GRANT PROGRAM-NOT FOR PROFIT INSTITUTIONS	IOWA VOCATIONAL - TECHNICAL TUITION GRANT PROGRAM	HEALTH CARE PROFESSIONAL RECRUITMENT PROGRAM (DMU)
FY2013 Appropriation/Grant Total	554,057	2,240,854	36,938	791,177	4,800,233	2,500,000	45,513,448	2,250,185	325,973
FY2012 Appropriation/Grant Total	554,057	2,240,854	36,938	791,177	3,186,233	4,000,000	43,513,448	2,250,185	325,973
FY2012 Number of Students Applicants	558	4,606	2,805	147,112	1,699	6,774	29,097	31,362	7
FY2012 Number of Students Recipients	122	434	79	1,199	1,416	3,233	15,558	3,037	6
FY2014 FTE	1.34	0.94	0.44	0.65	0.76	1.05	1.23	0.78	0.40
<b>Shared/Indirect Positions</b>									
Administration (FTE 4)	9,145	8,051	8,051	14,015	15,009	15,009	23,458	14,015	7,057
Marketing (FTE 4)	3,205	3,205	1,603	2,404	1,603	3,606	3,606	3,205	1,603
Accounting (FTE 4)	20,135	21,813	8,390	8,390	8,390	8,390	13,424	8,390	8,390
IT & Research (FTE 6)	34,113	34,113	10,337	24,809	36,180	45,483	45,483	19,641	7,236
SERIP Retirement Payments									
<b>TOTAL Shared/Indirect Positions</b>	<b>66,598</b>	<b>67,183</b>	<b>28,381</b>	<b>49,618</b>	<b>61,182</b>	<b>72,488</b>	<b>85,971</b>	<b>45,251</b>	<b>24,286</b>
<b>Assigned Positions</b>									
Program Administration (FTE 5)	52,549	18,885	11,495	11,495	11,495	25,453	28,738	25,453	11,495
I Have A Plan Iowa (FTE 6)									
GEAR UP (FTE 6)									
Postsecondary Education (FTE 2)									
<b>TOTAL Assigned Positions</b>	<b>52,549</b>	<b>18,885</b>	<b>11,495</b>	<b>11,495</b>	<b>11,495</b>	<b>25,453</b>	<b>28,738</b>	<b>25,453</b>	<b>11,495</b>
<b>Outside Agency Services</b>									
Legal - Attorney General Services	511	359	168	248	290	399	469	298	153
ITE Reimbursements	5,882	4,125	1,933	2,854	3,336	4,585	5,396	3,423	1,758
Intra State Transfer									
<b>TOTAL Outside Agency Services</b>	<b>6,394</b>	<b>4,483</b>	<b>2,101</b>	<b>3,102</b>	<b>3,626</b>	<b>4,983</b>	<b>5,865</b>	<b>3,721</b>	<b>1,911</b>
<b>Assigned Expenses</b>									
Licenses									
Travel									
GEAR UP Reimbursements									
GEAR UP Scholarship Trust									
Collections									
<b>TOTAL Assigned Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shared/Indirect Office Expense</b>									
Support-Rent, Supplies, Communication	12,280	8,610	4,035	5,957	6,964	9,571	11,264	7,146	3,669
Printing	7,990	5,603	2,626	3,876	4,531	6,228	7,329	4,650	2,388
IT Services	8,157	5,720	2,681	3,957	4,626	6,358	7,482	4,747	2,437
<b>TOTAL Shared/Indirect Office Expense</b>	<b>28,427</b>	<b>19,933</b>	<b>9,342</b>	<b>13,790</b>	<b>16,120</b>	<b>22,157</b>	<b>26,076</b>	<b>16,544</b>	<b>8,494</b>
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>153,968</b>	<b>110,483</b>	<b>51,319</b>	<b>78,005</b>	<b>92,423</b>	<b>125,082</b>	<b>146,650</b>	<b>90,969</b>	<b>46,186</b>
<b>REVENUE BY PROGRAM</b>	<b>44,108</b>	<b>15,851</b>	<b>9,648</b>	<b>9,648</b>	<b>9,648</b>	<b>21,365</b>	<b>24,121</b>	<b>21,365</b>	<b>9,648</b>
<b>INDIRECT Cost Reimbursed-6% of grant</b>									
<b>NET GAIN (LOSS)</b>	<b>(109,860)</b>	<b>(94,632)</b>	<b>(41,670)</b>	<b>(68,357)</b>	<b>(82,774)</b>	<b>(103,718)</b>	<b>(122,528)</b>	<b>(69,605)</b>	<b>(36,538)</b>
<b>Overall % of Total Expense</b>	<b>1.63%</b>	<b>1.17%</b>	<b>0.54%</b>	<b>0.83%</b>	<b>0.98%</b>	<b>1.33%</b>	<b>1.55%</b>	<b>0.96%</b>	<b>0.49%</b>



	SKILLED WORKFORCE SHORTAGE GRANT (KIBBIE GRANT)	RURAL IOWA PRIMARY CARE LOAN REPAYMENT PROGRAM	IOWA TEACHER SHORTAGE LOAN FORGIVENESS PROGRAM	REGISTERED NURSE & NURSE EDUCATION LOAN FORGIVENESS PROGRAM
FY2013 Appropriation/Grant Total	5,000,000	105,823	392,452	80,852
FY2012 Appropriation/Grant Total	0	0	392,452	80,852
FY2012 Number of Students Applicants	Started FY13	Started FY13	699	147
FY2012 Number of Students Recipients	Started FY13	Started FY13	168	40
FY2014 FTE	0.70	0.52	0.76	0.61
<b>Shared/Indirect Positions</b>				
Administration (FTE 4)	15,009	11,033	10,039	8,051
Marketing (FTE 4)	1,202	1,202	3,205	2,404
Accounting (FTE 4)	8,390	8,390	8,390	8,390
IT & Research (FTE 6)	10,337	8,270	26,876	22,742
SERIP Retirement Payments				
<b>TOTAL Shared/Indirect Positions</b>	<b>34,938</b>	<b>28,895</b>	<b>48,511</b>	<b>41,587</b>
<b>Assigned Positions</b>				
Program Administration (FTE 5)	27,095	17,243	21,348	14,779
I Have A Plan Iowa (FTE 6)				
GEAR UP (FTE 6)				
Postsecondary Education (FTE 2)				
<b>TOTAL Assigned Positions</b>	<b>27,095</b>	<b>17,243</b>	<b>21,348</b>	<b>14,779</b>
<b>Outside Agency Services</b>				
Legal - Attorney General Services	265	197	290	233
ITE Reimbursements	3,051	2,262	3,336	2,678
Intra State Transfer				
<b>TOTAL Outside Agency Services</b>	<b>3,316</b>	<b>2,458</b>	<b>3,626</b>	<b>2,911</b>
<b>Assigned Expenses</b>				
Licenses				
Travel				
GEAR UP Reimbursements				
GEAR UP Scholarship Trust				
Collections				
<b>TOTAL Assigned Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shared/Indirect Office Expense</b>				
Support-Rent, Supplies, Communication	6,369	4,722	6,964	5,591
Printing	4,144	3,072	4,531	3,638
IT Services	4,231	3,136	4,626	3,714
<b>TOTAL Shared/Indirect Office Expense</b>	<b>14,743</b>	<b>10,930</b>	<b>16,120</b>	<b>12,943</b>
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>80,093</b>	<b>59,526</b>	<b>89,605</b>	<b>72,221</b>
<b>REVENUE BY PROGRAM</b>	<b>22,743</b>	<b>14,473</b>	<b>17,919</b>	<b>12,405</b>
<b>INDIRECT Cost Reimbursed-6% of grant</b>				
<b>NET GAIN (LOSS)</b>	<b>(57,350)</b>	<b>(45,053)</b>	<b>(71,686)</b>	<b>(59,815)</b>
<b>Overall % of Total Expense</b>	<b>0.85%</b>	<b>0.63%</b>	<b>0.95%</b>	<b>0.77%</b>

	UNFUNDED STATE AID PROGRAMS	BRANSTAD STATE FAIR SCHOLARSHIP	POST- SECONDARY REGISTRATION	I HAVE A PLAN/ FINANCIAL LITERACY/ COLLEGE OUTREACH	JR JUSTICE PROGRAM	COLLEGE ACCESS GRANT	PRIMECARRE	ETV FOSTER CARE PROGRAM	GEAR UP	GEAR UP SCHOLARSHIP	FFELP/ GREAT LAKES/ PLP/INTEREST	SERIP	TOTAL
FY2013 Appropriation/Grant Total	0	750	0	0	57,408	0	0	500,000	1,400,000	1,400,000	0	0	67,950,150
FY2012 Appropriation/Grant Total	0	750	0	0	123,389	0	0	500,000	1,400,000	1,400,000	0	0	60,796,308
FY2012 Number of Students Applicants	N/A	63	19	91,853	40	N/A	18	501	7,004	0	N/A	0	324,364
FY2012 Number of Students Recipients	N/A	1	18	91,853	18	N/A	18	371	7,004	0	N/A	0	124,575
FY2014 FTE	1.07	0.58	2.76	10.37	0.53	0.00	0.00	1.13	9.26	0.70	0.41	0.00	37
<b>Shared/Indirect Positions</b>													0
Administration (FTE 4)	24,154	6,063	47,712	67,791	5,069	0	0	9,145	73,556	6,163	0	0	397,599
Marketing (FTE 4)	3,205	1,603	8,815	176,295	4,808	0	0	3,205	78,531	0	12,020		320,536
Accounting (FTE 4)	19,296	8,390	8,390	26,008	8,390	0	0	8,390	92,287	8,390	16,780	0	335,590
IT & Research (FTE 6)	21,708	27,910	7,236	121,979	10,337	0	0	26,876	45,483	26,876	6,202	0	620,230
SERIP Retirement Payments												66,445	66,445
<b>TOTAL Shared/Indirect Positions</b>	<b>68,364</b>	<b>43,966</b>	<b>72,153</b>	<b>392,072</b>	<b>28,605</b>	<b>0</b>	<b>0</b>	<b>47,616</b>	<b>289,858</b>	<b>41,429</b>	<b>35,002</b>	<b>66,445</b>	<b>1,740,400</b>
<b>Assigned Positions</b>													
Program Administration (FTE 5)	28,738	10,674	0	0	17,653	0	0	52,549	22,990	0	411	0	410,536
I Have A Plan Iowa (FTE 6)				465,704									465,704
GEAR UP (FTE 6)									399,332				399,332
Postsecondary Education (FTE 2)			181,339										181,339
<b>TOTAL Assigned Positions</b>	<b>28,738</b>	<b>10,674</b>	<b>181,339</b>	<b>465,704</b>	<b>17,653</b>	<b>0</b>	<b>0</b>	<b>52,549</b>	<b>422,322</b>	<b>0</b>	<b>411</b>	<b>0</b>	<b>1,456,911</b>
<b>Outside Agency Services</b>													
Legal - Attorney General Services	409	221	1,052	3,953	200	0		431	3,529	268	158		14,100
ITE Reimbursements	4,703	2,547	12,098	45,464	2,306	0		4,962	40,589	3,077	1,819		162,182
Intra State Transfer									125,000				125,000
<b>TOTAL Outside Agency Services</b>	<b>5,112</b>	<b>2,768</b>	<b>13,150</b>	<b>49,416</b>	<b>2,506</b>	<b>0</b>	<b>0</b>	<b>5,393</b>	<b>169,118</b>	<b>3,345</b>	<b>1,977</b>	<b>0</b>	<b>301,282</b>
<b>Assigned Expenses</b>													
Licenses				960,000									960,000
Travel				73,611					103,567				177,178
GEAR UP Reimbursements									800,000				800,000
GEAR UP Scholarship Trust										3,080,000			3,080,000
Collections											137,500		137,500
<b>TOTAL Assigned Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,033,611</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>903,567</b>	<b>3,080,000</b>	<b>137,500</b>	<b>0</b>	<b>5,154,678</b>
<b>Shared/Indirect Office Expense</b>													
Support-Rent, Supplies, Communication	9,818	5,316	25,255	94,908	4,813	0	0	10,358	84,733	6,424	3,797	0	338,565
Printing	6,389	3,459	16,433	61,755	3,132	0	0	6,740	55,134	4,180	2,471	0	220,300
IT Services	6,522	3,532	16,776	63,045	3,197	0	0	6,881	56,286	4,267	2,522	0	224,900
<b>TOTAL Shared/Indirect Office Expense</b>	<b>22,729</b>	<b>12,307</b>	<b>58,465</b>	<b>219,708</b>	<b>11,142</b>	<b>0</b>	<b>0</b>	<b>23,979</b>	<b>196,153</b>	<b>14,870</b>	<b>8,791</b>	<b>0</b>	<b>783,766</b>
<b>TOTAL EXPENDITURES BY PROGRAM</b>	<b>124,943</b>	<b>69,716</b>	<b>325,106</b>	<b>2,160,512</b>	<b>59,906</b>	<b>0</b>	<b>0</b>	<b>129,538</b>	<b>1,981,018</b>	<b>3,139,644</b>	<b>183,680</b>	<b>66,445</b>	<b>9,437,037</b>
<b>REVENUE BY PROGRAM</b>					5,700			0	129,538	1,800,000	1,400,000	6,484,333	10,052,514
<b>INDIRECT Cost Reimbursed-6% of grant</b>					1,077				108,000				109,077
<b>NET GAIN (LOSS)</b>	<b>(124,943)</b>	<b>(69,716)</b>	<b>(325,106)</b>	<b>(2,160,512)</b>	<b>(53,129)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(73,018)</b>	<b>(1,739,644)</b>	<b>6,300,653</b>	<b>(66,445)</b>	<b>724,553</b>
<b>Overall % of Total Expense</b>	<b>1.32%</b>	<b>0.74%</b>	<b>3.45%</b>	<b>22.89%</b>	<b>0.63%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.37%</b>	<b>20.99%</b>	<b>33.27%</b>	<b>1.95%</b>	<b>0.70%</b>	<b>100.00%</b>

NOTE: Gear Up and I Have a Plan Iowa there was no Application, it was number of students participated.

Postsecondary include the number of Postsecondary Schools Applying to operate in Iowa and Awarded.

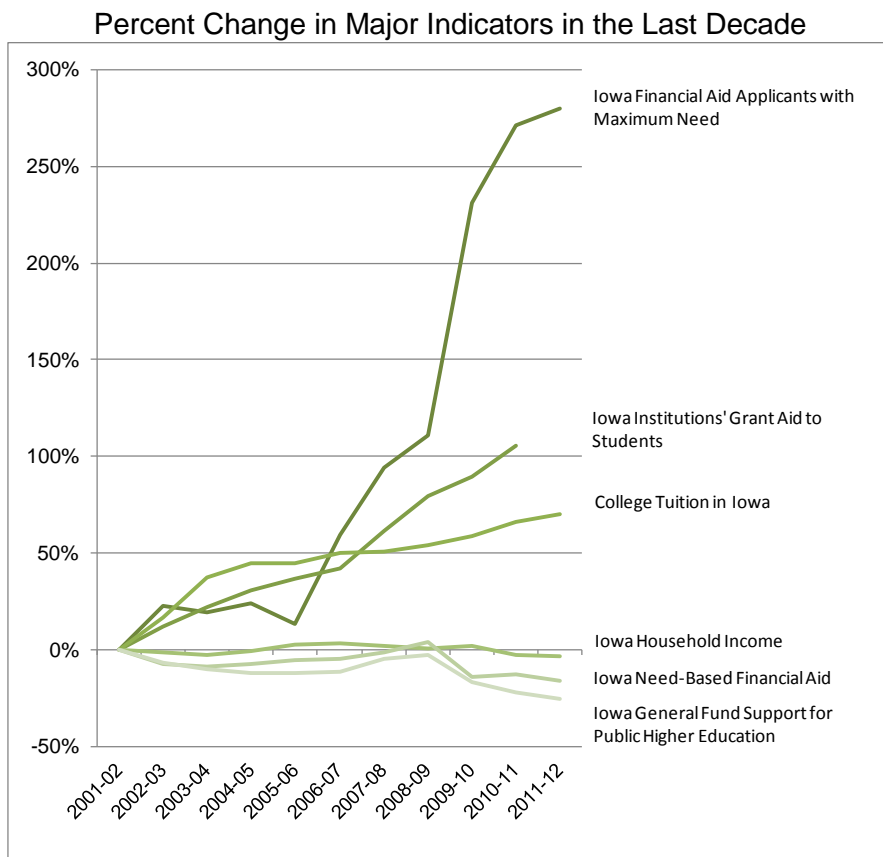
## Iowa's Support for Postsecondary Educational Opportunity is Waning

Postsecondary education is crucial to economic opportunity in the 21<sup>st</sup> Century – the key to the state's competitiveness in an increasingly knowledge-based global economy and the primary source of the skills required for virtually all well-paying careers. Yet in the face of increasing need, Iowa's support for postsecondary educational opportunity is declining.

**Evidence:** While connected with much longer-term trends, the last ten years have seen a dramatic divergence between Iowans' need and state efforts in support of financial access to college. Notable shifts in the last decade include the following:

- The number of financial aid applicants with the maximum level of need has nearly tripled, increasing 280%.
- The state's median household income has fallen 3%.
- Iowa General Fund support for public postsecondary education has fallen 26%.
- Tuition and fees at the state's public universities have increased 70%.
- The state's investment in need-based financial aid programs has fallen 13%.
- To help meet need for financial aid, the state's colleges and universities—including both public and private institutions—have more than doubled the amount of institutional grant aid they provide to students.

### Financial Access to Postsecondary Education in Iowa October, 2012



Note: All financial indicators in this chart are adjusted for inflation, using 2012 constant dollars.



Taken together, these facts reveal that while college has become ever more crucial, Iowa students and families are finding college less affordable. And, as the state has decreased its support for postsecondary education, the burden of increased costs has shifted to students and their families. Other social costs are associated with these trends. Among these are increasing student loan debt – which averages around \$30,000 for bachelor's degree recipients of Iowa institutions – and increased student loan defaults.

**Recommended Action:** In light of these trends, Iowa must renew its commitment to affordable access to postsecondary education. The Iowa College Student Aid Commission is key to the state's commitment to postsecondary opportunity and recommends that the state:

- Increase need-based financial aid, including programs to assist adults returning to complete postsecondary programs.
- Increase general fund support for higher education.
- Effectively support students in their efforts to graduate from high school prepared to enter and succeed in postsecondary education.
- Support parents' and families' ability to assist in college preparation and college planning.
- Support students', adult learners', and job seekers' efforts to engage in career exploration activities and develop plans that help them attain complete postsecondary education and professional goals.
- Foster a statewide college-going culture.

## **Increase Need-Based Financial Aid**

Scholarship and grant funds are essential in assisting students in paying educational expenses. Without this funding, many students would not be able to afford college. However, the funding provided by the state to assist Iowa students has diminished when viewed as a percent of assistance available to meet tuition costs.

**Evidence:** Scholarship and grant dollars assist students pursuing degrees at Iowa colleges and universities; while loan forgiveness funds help repay outstanding federal student loan balances for Iowans employed in specified shortage areas. The state provides a significant appropriation for student financial aid programs, and the Iowa College Student Aid Commission seeks to ensure access to and a choice of higher education opportunities to Iowa students. From the pool of nearly 200,000 Iowa residents who applied for aid by completing the Free Application for Federal Student Aid (FAFSA), the state's need-based programs helped over 25,700 Iowa students meet college expenses in FY 2012.

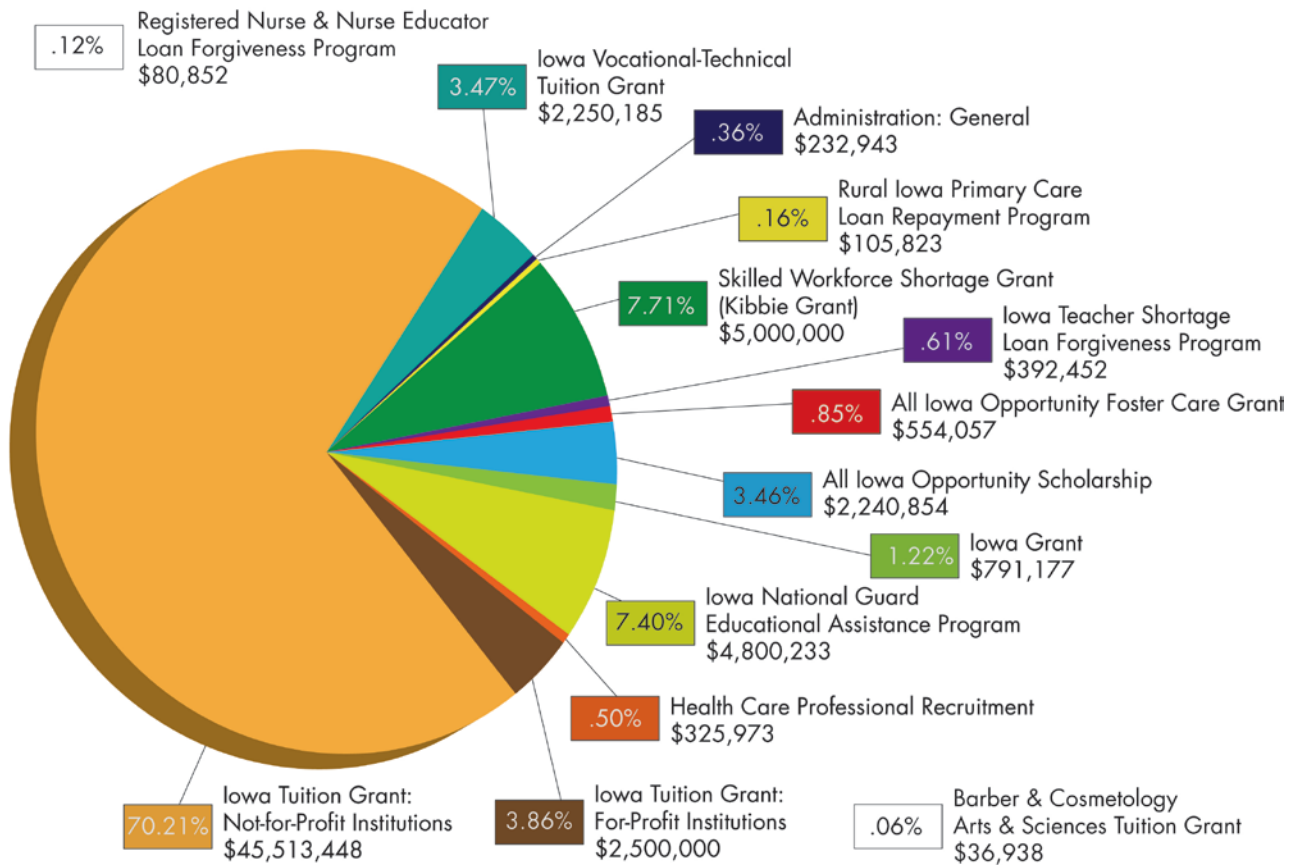
The state of Iowa appropriated over \$64 million in scholarships, grants, and loan forgiveness for FY 2013. In FY 2011 Iowa ranked 15<sup>th</sup> among states in terms of state grant aid as a percentage of state fiscal support for higher education and 31<sup>st</sup> in total grant aid awarded to students. Iowa ranked 35<sup>th</sup> among the states in terms of its investment in need-based aid to undergraduate students at \$224.16 per student.

However, the state-appropriated programs are losing ground with respect to the percent of assistance being provided to students when comparing the cost of tuition and fees with the average student award. Iowa's largest need-based grant program, the Iowa Tuition Grant Program for students attending Iowa's not-for-profit private colleges and universities, provided only 11 percent of the average cost of tuition and fees at eligible colleges and universities during FY 2012. The percentage has declined from 16 percent to 11 percent in just the last five years. Similarly, the Iowa Vocational-Technical Tuition Grant Program, a flagship program in Iowa for students attending Iowa's community colleges, provided only 18 percent of the average cost of tuition and fees at Iowa community colleges during FY 2012. This percentage has declined from 24 percent to 18 percent over the same five-year period.

Over the past several years, Iowa has seen significant growth in the number of adults filing for financial aid. From FY 2006 through FY 2011, the number of Iowa residents age 25 and older filing for financial aid increased nearly 137 percent in comparison to a 34 percent increase among traditional-aged students. Adult students often have additional obstacles to overcome when seeking to return to college. Many must balance work, family and education while paying mortgages, remaining current with other financial obligations, and supporting their families. While several of Iowa's state-appropriated financial aid programs (Iowa Tuition Grant, Iowa Vocational-Technical Tuition Grant, Kibbie Grant) do not exclude adult students, the state does not have a program specifically targeted to meet the unique needs of this growing student population.

The chart on the following page provides the Fiscal Year 2013 appropriations by program and the percent of total aid represented by each appropriation.

## FY 2013 State Appropriations \$64,824,935



**Recommended Action:** Iowa must ensure its students have the opportunity to choose and attend colleges and universities which meet their needs. This requires that the state:

- Continue to provide programs that assist students in meeting the costs associated with attending Iowa's colleges and universities.
- Increase appropriations to return the assistance rate to at least the FY 2008 rate to alleviate student burden in meeting tuition and fee charges and, thereby, reducing the student loan debt of students and families.
- Evaluate the current state programs to ensure they are meeting the needs of all Iowa students.
- Appropriately fund the administration of Iowa's need-based student financial aid programs.

## Education Loans

Education loans are necessary to help meet educational expenses for nearly 75 percent of Iowa's students attending independent colleges and universities and nearly 55 percent of students attending public colleges and universities. During academic year 2011-12, Iowa students accumulated average student debt of \$28,753, and many students accumulated significantly higher loan debt. To ensure that students are not required to borrow more in the future, the state must ensure that adequate financial aid programs are funded.

**Evidence:** Education loans are a form of student financial aid that must be repaid by the borrower, with interest. These loans come in three major categories: student loans, parent loans, and private student loans (sometimes called alternative student loans). Since July 1, 2010, all new federal education loans have been made through the Direct Loan Program with funds provided by the U.S. Treasury. Due in part to their variable interest rates with high caps, limited repayment options and no entitlement to payment deferment, private loans are often considered a riskier way to pay for college than federal student loans.

According to The Project on Student Debt, two-thirds of college seniors who graduated in 2011 with bachelor's degrees had student loan debt, with an average of \$26,600 per borrower. The report's findings focus solely on public and private nonprofit four-year colleges, because so few for-profit colleges chose to report the necessary data. However, federal survey data show that nationwide, graduates of for-profit four-year colleges are much more likely to borrow federal and private student loans, and they borrow significantly more than their counterparts at other types of colleges.

The Project on Student Debt also reported that state averages for debt at graduation in 2011 ranged from \$17,250 to \$32,450. New Hampshire had the highest average debt at \$32,450, followed by Pennsylvania at \$29,950. Utah and Hawaii had the lowest and second lowest average debt at \$17,250 and \$17,450. Iowa ranked 6<sup>th</sup> in average student debt with an average debt of \$28,753. Iowa ranked 4<sup>th</sup> among states with respect to the percent of students with debt – 72 percent of Iowa's graduating class had student loan debt. Actual state averages are likely higher than these estimates, which are based on data reported voluntarily by about half of all public and private nonprofit four-year colleges. These colleges enrolled about four in five 2011 graduates in their combined sectors nationwide.

A full copy of the report entitled "Student Debt and the Class of 2011" may be found at: <http://projectonstudentdebt.org/files/pub/classof2011.pdf>

TABLE 3

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
State	Class of 2011				Institutions (BA-granting)		Graduates
	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
Alabama	\$25,192	22	54%	33	33	16	67%
Alaska	*	*	*	*	5	4	100%
Arizona	\$19,950	45	49%	43	12	4	97%
Arkansas	\$23,048	34	56%	29	22	10	60%
California	\$18,879	46	51%	41	126	70	79%
Colorado	\$22,283	38	54%	33	22	13	70%
Connecticut	\$28,783	5	64%	15	22	15	84%
Delaware	*	*	*	*	6	2	70%
District of Columbia	\$28,241	9	52%	40	9	6	84%
Florida	\$23,054	33	51%	41	78	29	84%
Georgia	\$22,443	36	58%	28	56	30	85%
Hawaii	\$17,447	47	38%	48	8	1	53%
Idaho	\$24,134	26	66%	11	9	4	59%
Illinois	\$26,470	15	64%	15	76	45	80%
Indiana	\$27,500	11	63%	20	49	37	95%
Iowa	\$28,753	6	72%	4	34	23	88%
Kansas	\$23,321	31	64%	15	29	10	68%
Kentucky	\$22,287	37	60%	25	31	22	95%
Louisiana	\$22,455	35	46%	45	26	11	64%
Maine	\$26,046	18	71%	5	19	10	70%
Maryland	\$24,002	28	55%	32	35	19	75%
Massachusetts	\$27,181	14	65%	12	81	44	73%
Michigan	\$27,451	12	62%	24	57	30	87%
Minnesota	\$29,793	3	71%	5	38	25	83%
Mississippi	\$23,537	29	54%	33	17	9	78%
Missouri	\$23,229	32	65%	12	54	30	78%
Montana	\$24,113	27	65%	12	10	8	96%



TABLE 3 (CONTINUED)

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
State	Class of 2011				Institutions (BA-granting)		Graduates
	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
Nebraska	\$24,287	24	63%	20	24	8	56%
Nevada	\$19,954	44	44%	47	9	3	93%
New Hampshire	\$32,440	1	75%	3	16	10	79%
New Jersey	\$27,610	10	64%	15	35	22	83%
New Mexico	*	*	*	*	10	4	7%
New York	\$25,851	19	60%	25	171	79	69%
North Carolina	\$20,800	42	54%	33	59	35	82%
North Dakota	\$27,425	13	83%	1	13	7	65%
Ohio	\$28,683	7	68%	9	79	45	86%
Oklahoma	\$20,897	41	53%	38	29	14	79%
Oregon	\$25,497	21	63%	20	29	14	69%
Pennsylvania	\$29,959	2	70%	7	127	82	84%
Rhode Island	\$29,097	4	69%	8	10	7	78%
South Carolina	\$25,662	20	54%	33	34	13	73%
South Dakota	\$24,232	25	76%	2	13	6	72%
Tennessee	\$20,703	43	53%	38	46	26	82%
Texas	\$22,140	40	56%	29	90	46	71%
Utah	\$17,227	48	45%	46	9	7	90%
Vermont	\$28,273	8	63%	20	18	12	78%
Virginia	\$24,717	23	59%	27	45	32	91%
Washington	\$22,244	39	56%	29	33	17	93%
West Virginia	\$26,227	17	64%	15	21	14	90%
Wisconsin	\$26,238	16	67%	10	37	26	83%
Wyoming	\$23,341	30	47%	44	1	1	100%

**Recommended Action:** To ensure that Iowa's graduate with manageable student loan debt, the state should:

- Increase access to need-based student aid for both traditional and non-traditional students in all education sectors by strengthening and preserving the current programs and/or overall funding level for state-funded financial aid programs.
- Ensure that college tuition, fees and associated costs are fair and reasonable.
- Help students make wise choices about costs and debt. Students and families need meaningful, reliable and comparable information about individual colleges at every stage of the decision-making process.
- Require schools to report key debt information to the state and provide that information to students and families.
- Encourage Iowa businesses to understand student loan issues and provide repayment assistance for their employees.
- Support training for students and parents on career and college readiness.

## Loan Repayment Programs

Assistance with the repayment of student loans is a significant benefit to borrowers whose professions are eligible for federal or state loan repayment programs. These programs provide incentives for lowans to work in high-need workforce areas by repaying outstanding federal student loans.

**Evidence:** Over the years, demand has increased significantly in the Teacher Shortage Loan Forgiveness Program and the Registered Nurse and Nurse Educator Loan Forgiveness Program. However, appropriations have not kept up with demand, and only a small percentage of eligible applicants receive funding through either program. (Applications have almost tripled in the past five years in both programs, while the number of recipients has not kept pace.) With such a large percentage of unfunded eligible applicants, the program's impact, or its ability to entice individuals into workforce shortage areas, is diminished. In essence, an individual has a one-in-four chance of receiving benefits if he/she chooses to work in a high-need field.

<u>Iowa Teacher Shortage Loan Forgiveness Program</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Applicants	276	256	349	397	699
Recipients	167	247	187	186	168
Percent Served	60.50%	96.50%	53.60%	46.90%	24.00%

<u>Iowa Nurse and Nurse Educator Loan Forgiveness Program</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Applicants	47	85	108	189	147
Recipients	19	22	28	36	40
Percent Served	40.40%	25.90%	25.90%	19.00%	27.20%

In addition to the Iowa Teacher Shortage Loan Forgiveness Program and the Iowa Registered Nurse and Nurse Educator Loan Forgiveness Program, the state also funds one loan repayment program for graduates of Des Moines University (Des Moines University Recruitment Program) and a second loan repayment program for graduates of Des Moines University and the University of Iowa Medical School (Iowa Primary Care Loan Repayment Program). The intent of both programs is to incent physicians to work in rural areas in Iowa. Given the degree of similarity between the two programs, it would be prudent to consider combining the programs to gain efficiency and transparency for physicians, rural communities/hospitals, and the state of Iowa.

**Recommended Action:** The state should:

- Identify programs as entitlement programs fully-funded to ensure all qualified applicants are served.
- Appropriate sufficient funding to enable loan repayment programs to have sufficient statewide impact.
- Evaluate current statewide workforce needs and ensure needs are being addressed.
- Streamline the current programs to limit duplication.

## **Administration of Iowa's Need-Based Student Financial Aid Programs**

It is essential to Iowa students that need-based student financial aid programs be fairly and efficiently administered. The College Student Aid Commission is committed to this responsibility and relies on the state of Iowa to appropriately fund these administrative requirements.

**Scholarship and Grant Programs:** While the appropriation for administration of the state-funded scholarship and grant programs totals only 0.36 percent of the grant and aid programs' total appropriation, it is important to note that administration for the programs has been subsidized by income earned by the Commission in its role as a federal guaranty agency under the federal student loan program. During Fiscal Year 2013, the Commission transferred its federal student loan portfolio to a national guaranty agency. Therefore, the state will be required to appropriate additional administrative funding in the coming years to ensure quality administration of programs administered by the Commission.

In FY 2013 the state appropriation of \$232,943 for administration will cover only about 14 percent of the total cost required to support the state-funded need-based scholarship, grant and work-study programs administered by the Commission. These programs will provide approximately \$64,824,935 to assist nearly 26,000 Iowa students meet college expenses in Fiscal Year 2013. Additional funding of approximately \$1,483,353 from the Commission's operating fund generated by the federal student loan program will be used to subsidize administrative costs.

An appropriation of \$1,716,295 would have fully funded the administration of these programs in FY 2014. However, a \$376,802 appropriation for administration would restore the FY 2009 funding level. Although \$376,802 would be an increase of nearly 62 percent for administration, it represents less than 1 percent (.58%) of the total FY 2013 appropriation for financial aid programs. In contrast, the federal GEAR UP and College Access Challenge Grant programs each provide administrative support of approximately 6 percent.

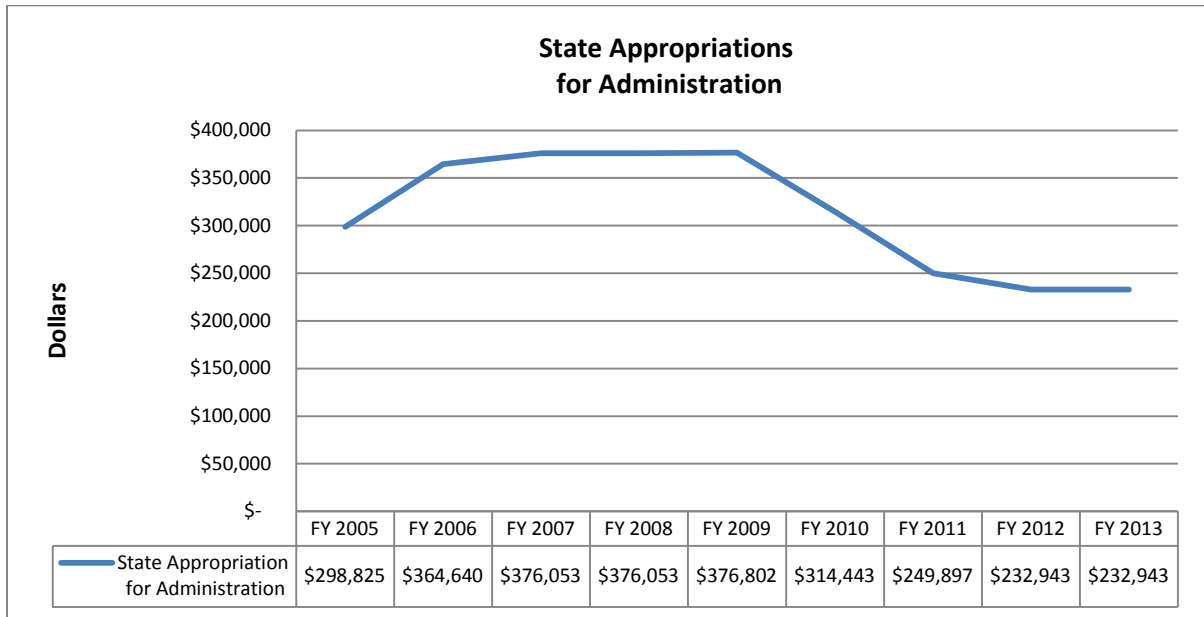
**Postsecondary Registration:** In addition to programs which receive direct state appropriations, the Commission is responsible for registering postsecondary institutions and other instructional schools under Iowa Code Chapter 261B and Code section 714.18. Chapter 261B requires an out-of-state school to register if it conducts a program resulting in a postsecondary educational credential offered in Iowa, or if it has a presence in Iowa and offers a program resulting in a postsecondary educational credential in other states or foreign countries. Section 714.18 requires every person, firm, association or corporation that maintains or conducts a postsecondary educational course, or solicits in Iowa the sale of such a course, to provide evidence of financial responsibility to the Commission.

The fee charged for registering postsecondary institutions is deposited in the state's General Fund and will total approximately \$36,000 in FY 2013. The Commission believes it is essential that the state provide approximately \$325,106 in administrative funding to cover the expenses required to carry out the responsibilities of Chapter 261B and Iowa Code section 714.

**College Planning:** Iowa Code Chapter 256 requires that all Iowa students create a career plan in 8<sup>th</sup> grade and complete the required components of the state-designated career information system while in grades 8 through 12. The Iowa Department of Education has designated I Have A Plan Iowa® as the state-designated career information system to help schools meet these requirements.

Through a partnership with the Iowa Department of Education, the College Student Aid Commission provides I Have A Plan Iowa® free of charge to all Iowans. This web-based product helps individuals in all stages of life explore education and career options. The Commission purchases the product from a software provider and provides trainers to assist students, parents and educators in Iowa in the use of the program.

A majority of the costs associated with administration of the college planning web portal have been covered by the federal College Access Challenge Grant. For the past two years, the state has not met the Maintenance of Effort (MOE) requirements necessary to continue to receive the grant. The Commission has been able to continue to provide this valuable service through funding provided by FFELP resources.



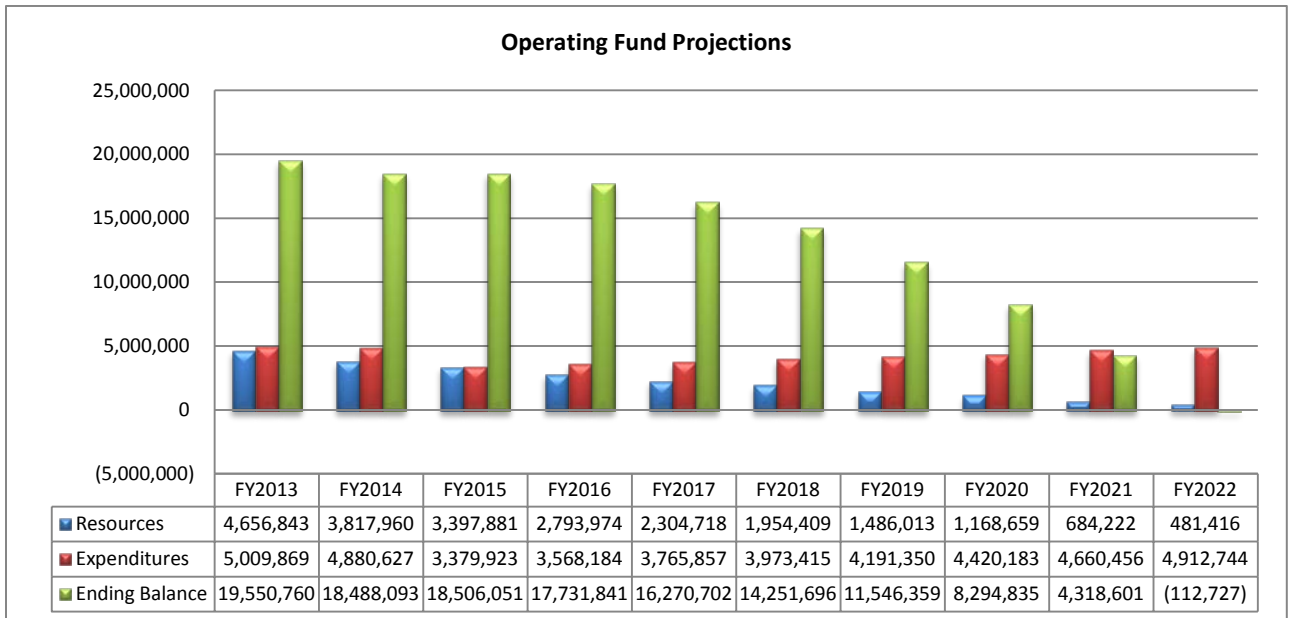
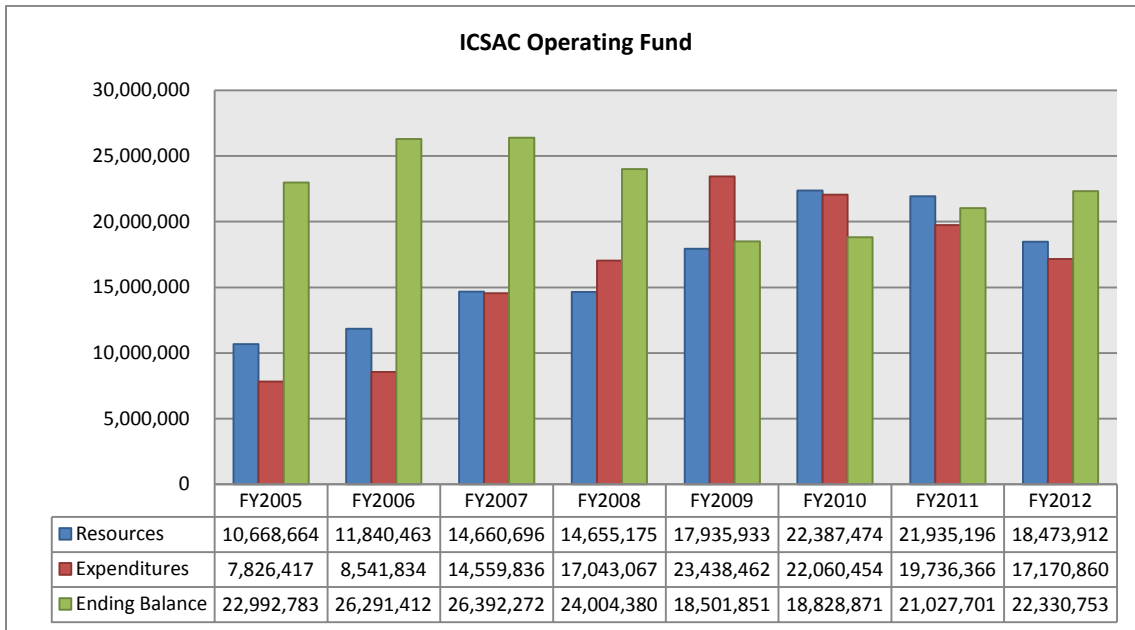
The charts beginning on page 4 provide detailed information about program-by-program administrative costs, include revenues and expenditures.

### **Recommended Action:**

Because of the diminishing revenue stream associated with the Federal Family Education Loan Program (FFELP), state lawmakers must begin to understand the costs associated with administering state-funded scholarship and grant programs, postsecondary registration and programs that assist students in planning, preparing, and paying for college. If the state is unable to immediately appropriate funding to fully support these programs, the administrative appropriations should be increased incrementally over the next 10 years to ensure that full funding is available when FFELP funding is completely expended. If the state is unable to fund the administration related to student financial aid programs and associated assistance for students and schools, lawmakers will have to choose among the programs and designate those which will continue to be administered by the state.

## College Student Aid Commission Operating Fund

The elimination of the authority to originate new loans through Federal Family Education Loan Program (FFELP) drastically reduced revenues the Commission earned through its role as a FFELP guaranty agency. Over the past 40 years, the Commission has been able to use FFELP revenues to support the administration of the state-funded programs as well as to support outreach services and training for Iowa students, families, schools, colleges and other constituents; to provide valuable research; and to provide the student web portal used by Iowa's middle and high school students as they plan, prepare, and pay for college.





Federal Code defines how the Commission, as Iowa's guaranty agency, may use its FFELP revenues.

Permissible uses of the guaranty agency operating fund are as defined in:

Section 422B(d), Higher Education Act of 1965, as amended;  
Title 34 Code of Federal Regulations (CFR) Section 682.401(f);  
34 CFR Section 682.401(g); and  
34 CFR Section 682.423(c).

These federal regulations provide the following permissible uses of the Commission's operating fund:

- Application processing (no longer applicable due to the termination of new originations under the FFELP effective July 1, 2010);
- Loan disbursement (no longer applicable for same reasons as above);
- Enrollment and repayment status management;
- Default prevention activities (conducted at any time);
- Default aversion activities (conducted on or after the 60<sup>th</sup> day of delinquency and at the request of the FFELP lender who holds the loan under the Commission's guarantee);
- Default collection activities (for FFELP loans held by the Commission);
- School and lender training (lender training is no longer applicable based on the termination of new originations under the FFELP effective July 1, 2010);
- Financial aid awareness;
- Outreach and college access initiative activities including college planning and career preparation;
- Financial literacy, including budgeting, financial management and debt management;
- Compliance monitoring; and
- Other student financial aid related activities for the benefit of students, as selected by the guaranty agency.

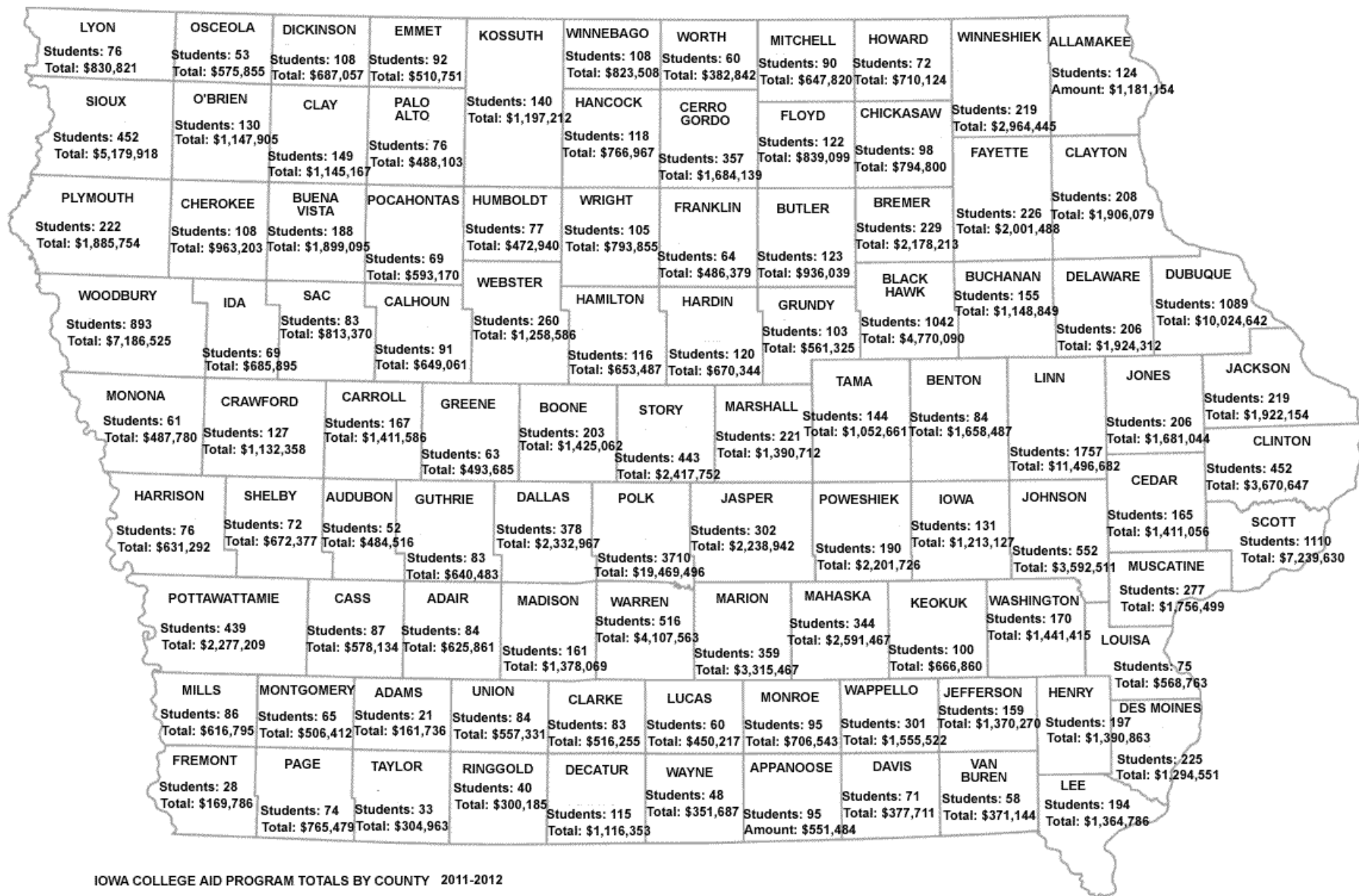
As provided in 34 CFR 682.418(b)(2), the Commission, as a guaranty agency, may **not** use its operating fund to make contributions and donations, including cash, property, and services, regardless of the recipient or purpose, unless it receives specific written authorization from the U.S. Department of Education.

#### **Recommended Action:**

The Iowa College Student Aid Commission is committed to ensuring the continuation of essential programs and services for Iowa students and their families. However, as FFELP revenues decline, the Commission asks the state to consider providing a larger percentage of the actual costs associated with the administration of state-funded scholarship and grant programs, postsecondary registration and programs that assist students in planning, preparing, and paying for college.

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IOWA COLLEGE AID PROGRAM TOTALS BY COUNTY 2011-2012